

ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF JUNE 30, 2006

	June-06				March-06				December-05				September-05				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Actual	Policy	Quarter	Market Value	Allocation	Actual	Policy	Quarter	Market Value	Allocation	Actual	Policy	Quarter	Market Value	Allocation	Actual	Policy	Quarter
					Net ROR					Net ROR					Net ROR					Net ROR
LARGE CAP DOMESTIC EQUITY																				
<i>Structured Growth</i>																				
LA Capital	72,815,828	4.4%	4.5%	-3.12%		74,558,925	4.5%	4.5%	5.71%		70,686,386	4.5%	4.5%	3.41%		70,815,392	4.6%	4.5%	5.64%	11.88%
Total Structured Growth	72,815,828	4.4%	4.5%	-3.12%		74,558,925	4.5%	4.5%	5.71%		70,686,386	4.5%	4.5%	3.41%		70,815,392	4.6%	4.5%	5.64%	11.88%
Russell 1000 Growth				-3.90%					3.09%					2.98%				4.01%	6.12%	11.88%
<i>Structured Value</i>																				
LSV	75,088,928	4.6%	4.5%	1.29%		75,014,116	4.5%	4.5%	6.61%		71,674,393	4.6%	4.5%	2.42%		70,359,654	4.6%	4.5%	4.82%	15.93%
Russell 1000 Value				0.59%					5.93%					1.27%				3.88%	12.10%	15.93%
<i>Enhanced Russell 1000 Index</i>																				
LA Capital	92,827,881	5.7%	5.7%	-2.49%		94,944,563	5.7%	6.0%	5.15%		95,489,365	6.1%	6.0%	2.69%		95,055,979	6.2%	6.0%	6.84%	12.49%
Russell 1000				-1.66%					4.49%					2.12%				3.95%	9.08%	12.49%
<i>Enhanced S&P 500 Index</i>																				
Northern Trust	93,768,975	5.7%	5.7%	-1.32%		94,738,758	5.7%	6.0%	3.98%		94,656,897	6.0%	6.0%	2.61%		92,676,114	6.0%	6.0%	3.85%	9.33%
Westridge	97,963,149	6.0%	4.5%	-1.39%		98,549,728	5.9%	6.0%	4.27%		94,726,600	6.0%	6.0%	2.10%		92,465,312	6.0%	6.0%	3.65%	8.80%
Wells Capital	47,066,636	2.9%	3.0%	-4.06%		-	0.0%	0.0%	N/A		-	0.0%	0.0%	N/A		-	0.0%	0.0%	N/A	N/A
Total Enhanced S&P 500 Index	238,798,760	14.6%	13.2%	-1.80%		193,288,486	11.6%	12.0%	4.12%		189,383,497	12.1%	12.0%	2.35%		185,141,426	12.0%	12.0%	3.75%	8.58%
S&P 500				-1.44%					4.21%					2.09%				3.60%	8.63%	8.58%
<i>S&P 500 Index</i>																				
State Street	31,158,950	1.9%	2.1%	-0.53%		31,074,936	1.9%	3.0%	4.21%		47,513,524	3.0%	3.0%	2.07%		46,389,436	3.0%	3.0%	3.61%	9.62%
S&P 500				-1.44%					4.21%					2.09%				3.60%	8.63%	9.62%
TOTAL LARGE CAP DOMESTIC EQUITY	510,690,346	31.2%	30.0%	-1.65%		468,881,026	28.2%	30.0%	4.95%		474,747,165	30.2%	30.0%	2.56%		467,761,886	30.4%	30.0%	4.79%	10.93%
S&P 500				-1.44%					4.21%					2.09%				3.60%	8.63%	10.93%
SMALL CAP DOMESTIC EQUITY																				
<i>Manager-of-Managers</i>																				
SEI	113,347,842	6.9%	7.2%	-5.84%		170,417,036	10.3%	10.0%	13.23%		159,766,834	10.2%	10.0%	0.98%		158,038,229	10.3%	10.0%	5.49%	13.56%
Russell 2000 + 200bp				-4.54%					14.49%					1.64%				5.21%	16.86%	13.56%
Callan	44,269,893	2.7%	2.8%	N/A		-	0.0%	0.0%	N/A		-	0.0%	0.0%	N/A		-	0.0%	0.0%	N/A	N/A
Russell 2000				N/A					N/A					N/A				N/A	N/A	N/A
TOTAL SMALL CAP DOMESTIC EQUITY	157,617,734	9.6%	10.0%	-5.98%		170,417,036	10.3%	10.0%	13.23%		159,766,834	10.2%	10.0%	0.98%		158,038,229	10.3%	10.0%	5.49%	13.40%
Russell 2000				-5.02%					13.94%					1.13%				4.69%	14.58%	13.40%
INTERNATIONAL EQUITY																				
<i>Large Cap - Core</i>																				
State Street	16,408,597	1.0%	1.0%	0.70%		16,904,410	1.0%	1.0%	10.03%		16,561,750	1.1%	1.0%	4.36%		16,771,189	1.1%	1.0%	10.57%	27.85%
MSCI EAFE (1)				0.70%					9.40%					4.06%				10.38%	26.56%	27.85%
<i>Large Cap - Active</i>																				
Capital Guardian	48,535,209	3.0%	3.0%	-2.75%		50,441,074	3.0%	3.0%	7.51%		50,395,527	3.2%	3.0%	9.45%		50,194,725	3.3%	3.0%	11.85%	28.01%
LSV	47,346,279	2.9%	3.0%	-1.54%		50,621,437	3.0%	3.0%	11.54%		49,073,209	3.1%	3.0%	4.29%		49,949,026	3.2%	3.0%	11.55%	27.77%
Bank of Ireland	16,128,065	1.0%	1.0%	-0.84%		16,938,103	1.0%	1.0%	11.30%		16,367,952	1.0%	1.0%	3.30%		16,149,923	1.1%	1.0%	7.01%	22.00%
Total Large Cap - Active	112,009,552	6.8%	7.0%	-1.95%		118,000,614	7.1%	7.0%	9.75%		115,836,688	7.4%	7.0%	6.38%		116,293,675	7.6%	7.0%	11.04%	27.11%
MSCI EAFE - 50% Hedged				-1.29%					9.20%					5.84%				11.07%	26.72%	27.11%
<i>Small Cap - Active</i>																				
Lazard	15,946,390	1.0%	1.0%	-0.77%		17,082,245	1.0%	1.0%	11.66%		16,319,605	1.0%	1.0%	2.91%		16,531,234	1.1%	1.0%	9.67%	25.04%
Wellington	15,687,584	1.0%	1.0%	-2.15%		18,399,068	1.1%	1.0%	10.03%		16,881,154	1.1%	1.0%	5.98%		16,232,695	1.1%	1.0%	8.11%	23.35%
Total Small Cap - Active	31,633,974	1.9%	2.0%	-1.48%		35,481,313	2.1%	2.0%	10.83%		33,200,759	2.1%	2.0%	4.44%		32,763,928	2.1%	2.0%	8.90%	24.18%
Citigroup Broad Market Index < \$2BN				-3.18%					9.34%					8.94%				12.05%	29.21%	24.18%
TOTAL INTERNATIONAL EQUITY	160,052,123	9.8%	10.0%	-1.58%		170,386,337	10.3%	10.0%	10.00%		165,599,197	10.5%	10.0%	5.78%		165,828,792	10.8%	10.0%	10.57%	26.61%
MSCI EAFE - 50% Hedged				-1.29%					9.20%					5.84%				11.07%	26.72%	26.61%
EMERGING MARKETS EQUITY																				
<i>Core</i>																				
Capital Guardian	-	0.0%	1.7%	N/A		-	0.0%	1.7%	N/A		15,888,884	1.0%	1.7%	9.92%		65,494,678	4.3%	3.6%	16.25%	N/A
Ishares-Index Fund (temporary)	-	0.0%	0.9%	N/A		789	0.0%	0.9%	N/A		13,882,033	0.9%	0.9%	N/A		-	0.0%	0.9%	N/A	N/A
JP Morgan	14,780,219	0.9%	0.9%	-4.94%		15,512,098	0.9%	0.9%	10.51%		14,113,369	0.9%	0.9%	N/A		-	0.0%	0.9%	N/A	N/A
PanAgora	12,755,085	0.8%	0.0%	-5.11%		13,411,504	0.8%	0.0%	N/A		-	0.0%	0.0%	N/A		-	0.0%	0.0%	N/A	N/A
WestLB	13,184,021	0.8%	0.0%	-1.66%		13,383,152	0.8%	0.0%	N/A		-	0.0%	0.0%	N/A		-	0.0%	0.0%	N/A	N/A
UBS	23,083,072	1.4%	1.5%	-5.01%		29,936,985	1.8%	1.5%	11.62%		26,959,619	1.7%	1.5%	7.63%		22,796,595	1.5%	1.4%	N/A	N/A
Total Core	63,802,397	3.9%	4.9%	-4.26%		72,244,527	4.4%	4.9%	11.32%		70,843,905	4.5%	4.9%	8.69%		88,291,273	5.7%	5.9%	17.05%	35.59%
MSCI Emerging Markets				-4.27%					12.12%					7.20%				18.11%	35.91%	35.59%
<i>Small Cap</i>																				
DFA	13,791,487	0.8%	1.0%	-7.76%		16,937,105	1.0%	1.0%	12.57%		16,274,051	1.0%	1.0%	8.09%		-	0.0%	0.0%	N/A	N/A
MSCI Emerging Markets				-4.27%					12.12%					7.20%				18.11%	35.91%	8.09%
TOTAL EMERGING MARKETS EQUITY	77,593,883	4.7%	5.0%	-4.84%		89,181,632	5.4%	5.0%	11.50%		87,117,955	5.5%	5.0%	8.21%		88,291,273	5.7%	5.0%	17.05%	34.40%
MSCI Emerging Markets				-4.27%					12.12%					7.20%				18.11%	35.91%	34.40%
DOMESTIC FIXED INCOME																				
<i>Core Bond</i>																				
Western Asset	44,191,744	2.7%	2.6%	-0.35%		41,575,437	2.5%	2.6%	-0.56%		39,883,406	2.5%	2.5%	0.24%		33,978,831	2.2%	2.6%	-0.48%	-1.15%
Lehman Aggregate				-0.08%					-0.65%					0.59%				-0.67%	-0.81%	7.25%
<i>Index</i>																				
Bank of ND	87,458,131	5.3%	6.0%	-0.15%		85,600,441	5.2%	6.0%	-0.94%		81,428,000	5.2%	6.0%	0.64%		69,862,046	4.5%	4.8%	-0.93%	-1.37%
Bank of ND Match Loan CD Program	-	0.0%	0.0%	N/A		-	0.0%	0.0%	N/A		-	0.0%	0.0%	N/A		19,021,175	1.2%	1.2%	1.28%	N/A
Total Index	87,458,131	5.3%	6.0%	-0.15%		85,600,441	5.2%	6.0%	-0.94%		81,428,000	5.2%	6.0%	0.83%		88,883,221	5.8%	6.0%	-0.43%	-0.69%
Lehman Gov/Credit				-0.14%					-1.01%					0.60%				-1.52%	-1.06%	6.91%
<i>Convertibles</i>																				
TCW	41,433,728	2.5%	2.6%	-2.62%		42,444,597	2.6%	2.6%	3.07%		40,051,708	2.6%	2.5%	1.16%		34,388,953	2.2%	2.4%	2.95%	4.54%
Merrill Lynch All Convertibles				-0.74%					5.32%											

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	June-06				March-06				December-05				September-05				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation Actual	Policy	Quarter Net ROR	Market Value	Allocation Actual	Policy	Quarter Net ROR	Market Value	Allocation Actual	Policy	Quarter Net ROR	Market Value	Allocation Actual	Policy	Quarter Net ROR	Fiscal YTD Net ROR	FY05 Net ROR	Ended 6/30/2006 Net	Ended 6/30/2006 Net
BBB Average Quality																				
Wells Capital	43,432,916	2.7%	2.6%	-0.66%	40,943,437	2.5%	2.6%	-0.97%	39,733,582	2.5%	2.5%	0.56%	33,517,868	2.2%	2.6%	-1.65%	-2.70%	12.04%	3.36%	5.51%
Lehman BBB				-0.60%				-1.20%				0.39%				-0.97%	-2.37%	8.60%	2.39%	6.10%
Private Debt																				
Prudential	44,400,848	2.7%	2.6%	-0.04%	41,664,991	2.5%	2.5%	-0.65%	39,944,612	2.5%	2.5%	0.83%	33,285,599	2.2%	2.2%	-0.26%	-0.13%	N/A	N/A	N/A
Lehman Aggregate				-0.08%				-0.65%				0.59%				-0.81%	-0.81%	N/A	N/A	N/A
Timberland																				
RMK	34,859,510	2.1%	2.1%	-0.34%	35,689,902	2.1%	2.1%	5.45%	33,791,383	2.2%	2.2%	-6.04%	36,378,341	2.4%	2.4%	-0.19%	-1.44%	14.50%	7.62%	N/A
TIR	86,745,330	5.3%	5.3%	-5.67%	91,695,197	5.5%	5.5%	16.70%	91,296,173	5.8%	5.8%	3.21%	91,448,499	5.9%	5.9%	-0.08%	13.53%	N/A	N/A	N/A
Total Timberland	121,604,840	7.4%	7.4%	-4.17%	127,385,099	7.7%	7.7%	13.66%	125,087,555	8.0%	8.0%	0.58%	127,826,840	8.3%	8.3%	-0.11%	9.43%	44.29%	20.37%	N/A
NCREIF Timberland Index				3.49%				2.31%				11.98%				0.99%	19.69%	14.07%	13.94%	N/A
TOTAL DOMESTIC FIXED INCOME	382,522,206	23.4%	24.0%	-1.82%	379,614,003	22.9%	24.0%	4.49%	366,128,864	23.3%	24.0%	0.70%	351,881,313	22.9%	24.0%	-0.18%	3.12%	19.23%	8.91%	8.14%
Lehman Aggregate				-0.08%				-0.65%				0.59%				-0.67%	-0.81%	6.80%	2.05%	4.97%
HIGH YIELD BONDS																				
Core																				
Loomis Sayles	39,935,723	2.4%	2.5%	-1.55%	39,521,631	2.4%	2.5%	3.67%	38,122,418	2.4%	2.5%	1.36%	37,772,685	2.5%	2.5%	1.24%	4.74%	15.96%	N/A	N/A
Sutter/Wells Capital	40,085,857	2.4%	2.5%	0.30%	38,904,289	2.3%	2.5%	2.65%	37,898,585	2.4%	2.5%	1.38%	37,217,647	2.4%	2.5%	0.31%	4.70%	9.62%	N/A	N/A
Total Core	80,021,580	4.9%	5.0%	-0.63%	78,425,919	4.7%	5.0%	3.16%	76,021,003	4.8%	5.0%	1.37%	74,990,331	4.9%	5.0%	0.77%	4.72%	12.76%	5.70%	3.38%
LB High Yield 2% Issuer Constrained Index				-0.07%				2.61%				0.80%				0.99%	4.38%	10.63%	N/A	N/A
Mezzanine Debt																				
Goldman Sachs	396,567	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
TOTAL HIGH YIELD BONDS	80,418,147	4.9%	5.0%	-0.64%	78,425,919	4.7%	5.0%	3.16%	76,021,003	4.8%	5.0%	1.37%	74,990,331	4.9%	5.0%	0.77%	4.72%	12.76%	8.34%	7.47%
LB High Yield 2% Issuer Constrained Index				-0.07%				2.61%				0.80%				0.99%	4.38%	10.66%	8.48%	8.60%
INTERNATIONAL FIXED INCOME																				
International Sovereign																				
UBS Global (Brinson)	41,590,432	2.5%	2.5%	3.67%	36,356,330	2.2%	2.5%	0.15%	36,309,416	2.3%	2.5%	-2.52%	36,769,202	2.4%	2.5%	-1.06%	0.13%	7.92%	5.24%	9.99%
Citigroup Non-US Gov't Bond Index (2)				4.05%				-0.18%				-2.61%				-1.24%	-0.11%	7.75%	5.01%	9.58%
International Core																				
Brandywine	41,759,136	2.6%	2.5%	2.61%	38,068,560	2.3%	2.5%	0.66%	37,816,746	2.4%	2.5%	-0.21%	37,366,135	2.4%	2.5%	0.80%	3.89%	11.78%	8.39%	N/A
Lehman Global Aggregate (ex-US)				4.00%				3.16%				-2.39%				-0.86%	3.83%	8.10%	5.69%	N/A
TOTAL INTERNATIONAL FIXED INCOME	83,349,568	5.1%	5.0%	3.13%	74,424,890	4.5%	5.0%	0.41%	74,126,162	4.7%	5.0%	-1.35%	74,135,338	4.8%	5.0%	-0.14%	2.01%	9.84%	6.82%	10.91%
Citigroup Non-US Gov't Bond Index (2)				4.05%				-0.18%				-2.61%				-1.13%	0.00%	7.75%	5.05%	9.60%
REAL ESTATE																				
INVESCO																				
J.P. Morgan Strategic & Special Funds	46,204,396			7.54%	43,585,466			5.60%	41,404,402			1.73%	40,766,608			7.19%	23.84%	22.20%	17.33%	12.38%
J.P. Morgan Alternative Property Fund	45,261,947			4.32%	44,082,479			4.00%	42,388,011			4.94%	40,394,385			6.33%	21.05%	19.52%	17.14%	12.52%
J.P. Morgan Alternative Property Fund	7,877,545			3.76%	2,397,258			N/A	-			N/A	-			N/A	N/A	N/A	N/A	N/A
TOTAL REAL ESTATE	99,343,888	6.1%	5.0%	5.75%	90,065,204	5.4%	5.0%	4.66%	83,792,413	5.3%	5.0%	3.33%	81,160,993	5.3%	5.0%	6.76%	22.09%	20.77%	17.09%	12.36%
NCREIF TOTAL INDEX				4.01%				3.62%				5.43%				4.44%	18.67%	18.02%	15.78%	12.27%
ALTERNATIVE INVESTMENTS																				
Brinson IVCF II	60,623			0.00%	60,623			0.00%	110,623			22.67%	90,179			0.00%	22.67%	0.89%	13.90%	-0.56%
Coral Partners II	100,073			0.09%	99,983			-0.45%	100,439			3.92%	123,908			0.19%	3.74%	1.13%	6.19%	-9.24%
Coral Partners V	4,839,389			9.17%	4,430,050			-1.81%	4,507,643			1.43%	4,441,943			0.01%	8.74%	-18.97%	-15.32%	-24.06%
Coral Partners V - Supplemental	441,139			47.91%	438,434			-18.49%	537,405			-1.04%	542,802			-7.36%	10.53%	-6.85%	10.33%	N/A
Coral Partners VI	6,799,800			-5.78%	6,559,368			-1.01%	5,390,382			2.13%	4,353,286			-1.55%	-6.22%	-1.17%	-10.14%	N/A
Brinson 1998 Partnership Fund	1,294,442			8.23%	1,195,245			0.82%	1,396,583			3.50%	1,348,645			3.17%	16.52%	19.64%	15.11%	1.97%
Brinson 1999 Partnership Fund	2,311,980			6.72%	2,442,053			3.86%	2,349,078			0.64%	2,631,322			2.44%	14.27%	9.31%	12.72%	-1.26%
Brinson 2000 Partnership Fund	6,448,736			4.90%	6,143,695			10.73%	5,543,147			3.70%	5,368,785			6.45%	28.22%	14.97%	17.90%	3.70%
Brinson 2001 Partnership Fund	3,877,016			6.80%	3,627,970			5.34%	3,722,644			2.53%	3,173,636			3.91%	19.85%	4.00%	9.95%	3.22%
Brinson 2002 Partnership Fund	2,612,263			4.93%	2,188,839			17.97%	2,051,494			3.38%	1,983,500			3.47%	32.42%	-4.22%	13.22%	N/A
Brinson 2003 Partnership Fund	632,913			4.48%	663,640			6.05%	505,263			5.26%	394,646			7.59%	25.48%	1.71%	6.77%	N/A
Brinson 1999 Non-US Partnership Fund	1,183,082			33.16%	1,178,890			12.88%	1,182,503			-1.05%	1,194,478			-5.55%	40.48%	32.09%	30.98%	18.60%
Brinson 2000 Non-US Partnership Fund	1,705,519			8.61%	2,067,731			16.47%	1,773,750			7.48%	1,649,489			-0.69%	35.03%	15.57%	21.65%	13.01%
Brinson 2001 Non-US Partnership Fund	1,942,271			12.10%	1,731,456			0.06%	1,571,188			3.98%	1,808,748			9.11%	27.25%	9.19%	17.46%	8.96%
Brinson 2002 Non-US Partnership Fund	2,701,651			7.18%	2,518,998			11.87%	2,714,391			15.23%	2,144,443			-0.04%	38.11%	12.60%	22.66%	N/A
Brinson 2003 Non-US Partnership Fund	1,553,434			12.31%	1,382,303			3.26%	1,337,379			12.34%	1,189,936			0.61%	31.08%	2.52%	8.89%	N/A
Brinson 2004 Non-US Partnership Fund	750,858			5.62%	520,231			3.59%	501,740			9.37%	311,041			4.09%	24.56%	0.42%	N/A	N/A
Brinson BVCF IV	8,598,151			7.20%	8,015,369			2.14%	7,839,781			8.77%	7,204,263			10.29%	31.35%	6.06%	19.07%	0.41%
Matlin Patterson Global Opportunities	6,981,612			7.39%	6,675,629			-8.59%	7,295,886			-1.36%	7,612,688			-8.79%	-11.68%	102.75%	26.48%	N/A
Matlin Patterson Global Opportunities II	9,477,245			-0.11%	8,118,816			-0.74%	6,509,523			0.00%	6,509,686			0.00%	-0.85%	N/A	N/A	N/A
InvestAmerica	2,072,951			0.00%	2,071,642			0.00%	2,069,710			0.00%	2,068,707			0.00%	0.00%	-18.88%	-9.20%	N/A
Hearthstone MSII	0			-100.00%	111,121			0.00%	0			0.00%	326,842			0.00%	-100.00%	1214.92%	-100.00%	-100.00%
Hearthstone MSIII	1,358,021			34.99%	2,349,451			5.32%	4,281,333			7.40%	5,948,415			4.53%	59.61%	16.51%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (3)	67,743,170	4.1%	5.0%	6.14%	64,591,538	3.9%	5.0%	2.32%	63,291,887	4.0%	5.0%	3.65%	62,421,388	4.1%	5.0%	1.64%	11.08%	17.24%	10.37%	-2.92%
CASH EQUIVALENTS																				
Northern Trust STIF/STEP	17,117,934	1.0%	1.0%	1.29%	74,653,818	4.5%	1.0%	1.21%	19,982,611	1.3%	1.0%	0.85%	13,469,141	0.9%	1.0%	0.89%	4.31%	2.19%	2.64%	2.41%
90 Day T-Bill				1.16%				1.03%				0.92%				0.83%	4.00%	2.15%	2.37%	2.25%
TOTAL FUND	1,636,448,999	100.0%	100.0%	-1.27%	1,660,641,402	100.0%	100.0%	6.14%	1,570,574,092	100.0%	100.0%	2.37%	1,537,978,684	100.0%	100.0%	4.42%	12.00%	14.07%	14.23%	7.93%
POLICY TARGET BENCHMARK				-0.55%				4.42%				2.23%				3.68%	10.07%	10.46%	11.75%	6.64%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(3) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.